



**CALFED  
BAY-DELTA  
PROGRAM**

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February 23, 1998

Bay Area Council  
Water Policy Forum  
200 Pine Street, Suite 300  
San Francisco, CA 94104

Dear Members of the Bay Area Water Policy Forum:

I apologize for the lengthy delay in this response to your letter of October 15, 1997. However, even at this late date, I want to acknowledge the important issues you raised in your letter regarding water transfers and wheeling.

I will attempt to respond briefly to each of the five main points you made in your letter:

1. I agree that a water market which allows and facilitates voluntary water transfers must be an integral part of water management in California.
2. As you know, water transfers are a critical component of the CALFED water management strategy. The primary objective of the Water Transfer Element is the development of policies or policy recommendations which will encourage the orderly development of a rational water transfer market.
3. It is true that development of a water market will promote demand management and efficient water allocation and mitigate future demands. We should be cautious, however, in ascribing too much to water transfers. There is a limited quantity of water which is transferable in any given year, without causing significant injury to other legal users of water, adverse environmental impacts or other socio-economic third party impacts. One of the major challenges we face in the CALFED process is to balance the role of water transfers to satisfy other beneficial uses against the potentially serious dislocations at the source.
4. I recognize that there is substantial interest in and support for the Model Water Transfer Act as a vehicle to encourage water transfers and the development of a water transfer market. However, the approach which we have taken in the BDAC Water Transfer Work

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**CALFED Agencies**

**California**

The Resources Agency  
Department of Fish and Game  
Department of Water Resources  
California Environmental Protection Agency  
State Water Resources Control Board

**Federal**

Environmental Protection Agency  
Department of the Interior  
Fish and Wildlife Service  
Bureau of Reclamation  
U.S. Army Corps of Engineers

Department of Agriculture  
Natural Resources Conservation Service  
Department of Commerce  
National Marine Fisheries Service

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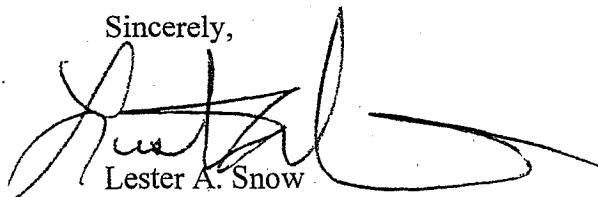
Group is to first define the major issues which impede our objectives and to then determine what solution options are available. Legislation such as the Model Act is certainly one of the tools we have available, but there is no consensus at this point regarding the necessity or scope of legislation.

5. With respect to your points on wheeling, I generally concur. The fundamental problem, of course, is the inability of the parties to a transfer, and the facility operators, to know with certainty whether and when capacity will be available to accommodate a specific transfer. This makes short term transfers, particularly cross-Delta transfers, difficult and long term transfers almost impossible. Until we have sufficient conveyance capacity in the system to accommodate both project supplies and a reasonable amount of transferred water, it will be difficult for the water market we all envision to fully develop.

Many of these issues you raise in your letter have been considered and will continue to be discussed by the Water Transfer Work Group. Over the next few months, we hope to develop a set of policies or policy recommendations which can be incorporated into the CALFED Bay Delta Program and which will assist in achieving the goals and objectives we all have for the role of water transfers in the California water management.

Thank you for your comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lester A. Snow', with a long horizontal flourish extending to the right.

Lester A. Snow  
Executive Director